



MICHIGAN HEALTH & HOSPITAL ASSOCIATION

**SERVICE CORPORATION** 

To: Michigan Senate Committee on Economic Development

From: Michigan Health & Hospital Association

Contact: Neil Mac Vicar, Vice President

MHA Unemployment Compensation Program

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Date: September 7, 2011

**Re: House Bill 4452 — Proposed Revision**

I am writing on behalf of the hospitals and other health care employers represented by the Michigan Health & Hospital Association's Unemployment Compensation Program [MHA-UCP].

The Senate Committee on Economic Development is currently considering House Bill 4452 and a proposed revision to the bill as passed by the House. The MHA-UCP's members support the recommended revision to HB 4452.

HB 4452 applies to persons who work at schools, but who are not employees of the school — for example, privately contracted substitute teachers. Many non-school employees are currently entitled to unemployment benefits during summer recess and between semester breaks, even when they have "reasonable assurance" that they will return to work after the recess or semester break.

HB 4452 would extend ineligibility for unemployment benefits during summer recess and between semester breaks to persons contracted to work at schools. The version of HB 4452 passed by the House limited the applicability of the bill to those persons who are employed only by "contributing" employers<sup>1</sup>.

There are many "reimbursing" employers who also provide employees to school district on a contractual basis. For example, several Michigan hospitals provide school nurses, dieticians and athletic trainers to schools.

We support HB 4452 being revised to include application for all employers — including "reimbursing" employers. Since "reimbursing" employers pay their unemployment liability directly,<sup>2</sup> there would be no adverse impact or negative affect Michigan's unemployment trust by allowing reimbursing employers to be covered under the concept set forth in HB 4452.

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<sup>1</sup> Generally, "contributing" employers are for-profit employers who pay the annual payroll tax to cover their unemployment liability. "Reimbursing" employers are not-for-profit, governmental or Indian tribe employers.

<sup>2</sup> Many "reimbursing" employers are required to post security [ie: surety bonds or letter of credit] with the state.